

QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE

ON

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

SESSION LAW 2001-437

January 1, 2006 through March 31, 2006

This quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. This report is for the months of January 1 through March 31, 2006 and provides information on major developments as the Division implements reform.

Section I: Major developments for this quarter include:

- The new and enhanced service definitions which were approved by the Centers for Medicare and Medicaid Services (CMS) on December 31, 2005 were implemented March 20, 2006.
- In response to the Enhanced Services Definition approval, the Division released a series of Enhanced Services Implementation Updates to assist providers and consumers with the transition process.
- The endorsement process for providers who wish to provide 'Community Intervention Services' was initiated. 1176 providers have been provisionally endorsed or endorsement is pending as of the end of March.
- The Division released a Request for Applications (RFA) for the use of MH/DD/SAS Trust funds. The purpose of this RFA was specific to Mobile Crisis Management to increase crisis services capacity throughout the state. The deadline for applications was March 14, 2006.
- The Division developed a transition plan to assist those affected by the CMS decision to eliminate Community Based Services from the State Medicaid Plan and not to approve Developmental Therapy as a replacement service. The transition plan is outlined in the Enhanced Services Implementation Update #2.

Section II: Division Communications

1. Communication Bulletins #052, #053 and #054

- Communication Bulletin #052 announced the approval by the federal Centers for Medicare and Medicaid of the Medicaid State Plan Amendment to provide new and enhanced services to individuals with mental health and substance abuse services.

- Communication Bulletin #053 announced the release of the DMH/DD/SAS Provider Action Agenda. The plan lays out an initial set of steps to be taken to address identified provider concerns.
- Communication Bulletin #054 announced the development of a Standardized Contract for State-Funded Services, Standardized Guidance on Provider Billing Requirements and a Standardized Excel Billing Format. These products were developed in cooperation with LMEs and providers in response to requests to reduce the variation that exists in routine processes.

In addition to the Communication Bulletin Series the Division has released a series of Enhanced Services Implementation Updates to assist providers and consumers with the transition process. Seven updates have been released, covering the following topics:

1. Enhanced Services Implementation- Outlined the plans for dealing with initial transition and implementation issues.
2. Outlined a transition plan for Medicaid-Eligible Consumers with developmental disabilities who receive Community Base Services.
3. Published the crosswalk from old service definitions to new definitions.
4. Transition Services Authorizations, Service Orders and additional crosswalks.
5. Developmental Therapy for Non-Medicaid eligible consumers with developmental disabilities who were receiving Community Based Services.
6. Consumer's choice of provider, subcontracting, caseload ratios and the location of a Q&A section on the Division website.
7. Issue related to Provisionally Licensed staff.

2. Systems Development

The Secretary of Health and Human Services has approved some Local Management Entities to directly provide services on a time limited and service specific basis. DMH/DD/SAS has posted on it's website a list of LMEs approved to provide services.

The Department is continuing to request assistance from the provider community to address gaps in community capacity. Interested providers has been instructed to contact their local management entity and advise them of their interest in providing services.

3. Merger of Local Management Entities

There were no local management entity consolidations during this quarter.

4. Services and Programs

Service Definitions:

The New and Enhanced Service Definitions were approved by the federal Centers for Medicare and Medicaid and were implemented March 20, 2006. The division has undertaken several initiatives to make the transition to the new services definitions as smooth as possible. This included the release of a series of Enhanced Services Implementation Updates which were developed to assist providers, LMEs and service recipients with transition issues. In addition, the division has posted on its web site a series of questions and answers related to transformation.

Division Training:

The Division did not directly sponsor any training activities during this quarter. The Division continues to work closely with our training partners to develop trainers to identify and meet the training needs of the mh/dd/sa service system.

Waivers:

The Division in collaboration with the Division of Medical Assistance developed strategies to address the needs of individuals who will be impacted by the elimination of Community Base Services. One of these strategies included the submission of a technical amendment to the CAP-MR/DD waiver to increase the number of people that can be served by the waiver.

5. Financing

Mental Health Trust Fund:

The Mental Health Trust Fund continues to be used to assist in reform and community expansion. As of March 31, 2006 \$44,209,081 has been used for the following: bridge funding to Area Programs/Local Management Entities associated with hospital downsizing, hospital replacement planning, funding to Area Programs/Local Management Entities for Integrated Payments and Reporting System (IPRS) conversion and Local Business Plan development, Olmstead assessments, training regarding reform and consultant contracts.

6. Public Outreach to Discuss System Reform

The Division sponsored an Enhanced Service Implementation Video Conference for local management entities and provider organizations. The video conference featured a panel presentation from staff of the Divisions of Mental Health, Developmental Disabilities and Substance Abuse Services, and Medical Assistance. The video conference was broadcast to fifteen sites and over two hundred and fifty persons were in attendance. The video conference was available via a web cast for those who could not attend the day of the event.

7. Rule Changes

The Child Residential Rules 10A NCAC 27G .1300 and 10A NCAC 27G .1700 were approved by the Commission for Mental Health, Developmental Disabilities and Substance Abuse Services on January 18, 2006 and were approved by the Rules Review Commission on February 16, 2006. Governor Easley signed an Executive Order making the rules effective April 3, 2006. To assist providers with transition into the new rules, the Division of Facility Services thru the Divisions of Mental Health, Developmental Disabilities and Substance Abuse Services, and Medical Assistance issued a memorandum providing information in order to (a) maintain a licensure, and (b) maintain enrollment with the Division of Medical Assistance or through a Local Management Entity.

8. Developing Community Capacity

The Department continues to request assistance from the provider community to address the gaps in community capacity in areas where LME service delivery has been approved beyond the end of the fiscal year. The Department plans additional interventions in areas where private provider capacity has not been fully developed.